

**From:** john cobb & Cheryl Lux & Cobb Charolais (cobbchar@3riversdbs.net)  
**To:** TKH@TKHENRY.COM; 'DEL TRUDI SCHMIDT'; DaveLewisD@aol.com;  
johnesp2001@yahoo.com; Dave Wanzanried; Penny Morgan  
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EXHIBIT 4  
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HB 2

Dear Subcommittee members::

I did not have the emails for Rep. Roberts or Lopez so you may have to give them copies of this if it is of any value.

I am going to do some more research but here are some of my ideas. Remember I am far away and these may seem totally unrealistic but as a citizen of the state I could not resist writing this. I will try to get some of these numbers checked out to see how accurate they are but you may wish to ask staff to do it for you.

As a citizen of Montana I thought I would put my two cents in on the budget deliberations. I am likely off on the numbers and since I am far away I do not see all the issues and problems that you face. Therefore it is easier for me to make broad statements. I do hope I do not offend anyone. It is time to lay all the cards on the table. You have a lot of money here because of the stimulus package.

1. The stimulus package is the key to the budget deliberations. I had heard that the Chair of Appropriations said to spend it all in your committee. I have listed several options that you may wish to consider.
2. I make two assumptions one- The stimulus package was not for the dept to use as they see fit. It is suppose to help with Medicaid cost increases but they are getting more than they likely need. The dept. is only a vehicle to transfer the money out to the people of Montana as your committee sees fit. Two – no matter what the committee decides, as long as it is different from the administration ideas they will be likely against it. But that is nothing new of any administration. The dept looks at it from their viewpoint on how the dept would use it which is fine to a point, but the committee looks at the money from a legislative viewpoint on how to get the money to the people and the dept is only a conduit to pass the money through. Finally, the committee usually comes together and makes changes regardless of who the administration is. This one time money is a good chance to make a difference in people's lives. Most depts. Will look at how to keep the money around longer than a couple of years.

Suggestions.

1. Looking at the stimulus package taking the House version which is the lowest amount that the state will likely get.
  - a. This fiscal year from Oct 1st, 2008 to June 30, 2009 we should get between 22 and 25 million dollars. This is one time money.
  - b. There is already in the budget before the down turn around 10-12 million that was put in by the executive based on that we would have to pay more of the FMAP share since our state was doing better economically than other states. The stimulus package is going to replace that amount plus more. **So here is real 10-12 million dollars that needs to be taken out of the budget right now.** That money can be used for provider rate increases and to fix other problems in the budget such as the reduction in child care rates, etc. **This 10- 12 million of this general fund can be used to match with federal dollars that has nothing to do with the stimulus plan. This is the key money to be used by the committee.**
  - c. The House version for the next biennium gives us a total of 53 million dollars of additional federal dollars. Of that though you need to back out the 10-12 million above that was already in the budget ( I think) which gives you around 40 million dollars of new federal dollars to pay for Medicaid costs etc. This is the very min since the senate versions plus whether we are a high unemployment state could give us an additional 20 million dollars. plus

So bottom line you have at least 75 to 80 million dollars of additional federal dollars coming to the state with a possible 20-30 million more dollars. So what to do with it.

1. Take out the original 10-12 million general funds that were going for the original FMAP. That is real money that has no restrictions since it was not part of the stimulus package and was already in the budget given by the Executive.
2. If you pass the budget as is with all the federal dollars, then the executive will likely revert tens of millions over the next several years to the general fund. These reverted dollars become one time money which never is good to have in the general fund . Not my option.
3. Make a list of one time things you need to do. Not ongoing spending in most cases just one time things and see if the stimulus money can be used for that. You know what will make a difference in your community to a lot of low income people even if it is one time money. I wonder if it can even be used for micro business loans for tanf , and other lower income persons.
4. The 10-12 million you have from the FMAP use that for provider rates, etc.

## 5. Other options.

i. Take part of the money just as was done with state employees and give say 750 to 1000 dollars with one time money – There are around 11000 direct care employees I think- may be less. That would cost 11 million dollars but go directly to low income people for the most part with no strings attached. This though means a slight decrease in food stamps, child care that they may be getting, but it really makes a difference if that is what you want to do. President Obama tax cuts do not really have much affect until 2010. 1000 dollar increase of one time money amounts to about a 50 cent an hour raise for full time workers. But if really helps 11,000 people right away. IT is big stimulus. Staff may have to figure out how legal this is, and how to move general money around to do this if you can not directly use stimulus money.

ii. Take some of the money if possible and use it for part time students in the college of technology sites. Part time students as I understand it do not qualify for student loan programs and are the ones that are usually working full or most of the time anyway. Giving a one time 1000 “scholarship” to thousands of them helps they get through school, pays for part of the cost and etc. 5000 scholarships only costs 5 million dollars but what a bang for your buck. You can use different numbers as you see fit.

iii. You need to leave around 20-40 million dollars in the medicaid budget because of possible caseload increases due to the downturn in the economy. Most of the increase may be children and women but they do not cost much as to health care costs. It is the seniors you have to watch to see how many come onto the system. Also 1-155 will take care of part of the increase in Medicaid due to taking more Medicaid patients under the new initiative. Also while the program is getting up and running- making it clear that while it is getting up and running, the money can also be used to fund Medicaid cost overruns if necessary will free up some of holding all the stimulus money in this pot. Next week you will get an update from the administration on caseload increases. That will need some money but you can take a lot of it and spend elsewhere. They may say they need it all- have staff look it over. If the world is going to end if they project the worst case then they need to cut everything in government more.

iv. Other ideas is to allow some of the money to flow into taking over 1149 money so it keeps from going broke in a few more years. I am not sold on that since this is supposed to be stimulus money and not to bail out voter initiatives that cost more in

the future. But that is a possibility.

v. The 10-12 million left in the original FMAP- that can be used to match federal dollars which is like having 30 plus million dollars. Provider rates increase even for two year would help. Now the administration will say, what happens in two years, - well either lower them back down by that amount- or my belief is if the economy is growing again and I 155 is up and running then the numbers on Medicaid will be down or partially covered by 1-155 anyway and you can still have the provider rates left in. Also not everyone needs the same provider rate increase.

vi. **Dealing with the administration. If you bring these ideas to them their answer is no.no.no.no.no. And again no.** So no use talking to them until you figure out what you want to do. If they can keep all that money in the budget as is, that allows large reversions back to the general fund of one time money. One time money gets us into trouble all the time in future budgets. Anyway will not get on my soapbox any more.

Layout.

1. 75-85 million dollars min. from stimulus plan
  - a. 10-12 million taken out from original FMAP- use for provider rates, one time bonuses, fix mistakes in budget or oversights by the administration. Whatever committee wants.
  - b. 11 million plus to direct care workers
  - c. 5-10 million to educate workers if possible. It is a matter if stimulus package allows this or can you free up money moving general fund and special funds around and backfilling with federal funds. Staff would have to go through budget and find where stimulus could be used instead of general fund, state special funds, etc. And they would also check to see what happens next session to make sure there is no wreck then.
  - d. 20-40 million just remain in Medicaid with some language of where it goes if not needed due to caseload increases.
  - e. You can use other parts for more lieap to buy wood stoves, use money for TANF training, etc, backfilling i149.

I am sorry, I am not there so can not get a feel of all the things that it could be used for. But bottom line, you have a chance to move around 30-50 million dollars directly into communities and try to keep out of surplus accounts such as I149 accounts or funding the depts. Things. And have an immediately impact to probably 20-30,000 people plus right now.

Once you have your plan, staff can figure out the details and the dept can implement .